

# Local Governments

# UCP Guide

Cities, Towns, Counties, Municipal & Quasi-Municipal Corporations

This guide is provided to help cities, towns, counties, municipal & quasi-municipal corporations understand their obligations for reporting and remitting Unclaimed Property (UCP).

## Reporting Unclaimed Property

All cities, towns, counties, municipal & quasi-municipal corporations, (hereafter called local governments for the sake of brevity), holding unclaimed property are required to report annually by November 1st. Local governments should report **all** unclaimed property but are not required to remit some types of property with the report. (See *Remitting Unclaimed Property* below.) Most property held by local governments is presumed abandoned after two years. The exceptions are payroll checks and utility deposits or refunds, which are presumed abandoned after one year.

## Remitting Unclaimed Property

Unclaimed court monies, trust accounts, unrefunded utility deposits, unclaimed debt service payments, and unredeemed bonds and coupons are examples of property that should be remitted with your annual report.

RCW 63.29.190 allows cities, counties, or other municipal and quasi-municipal corporations to retain certain funds representing:

- Warrants
- Uncashed checks
- Excess proceeds from property tax foreclosures
- Excess proceeds from irrigation district foreclosures
- Property tax overpayments or refunds

Once retained, the funds must be available for refund at any time in the future. After five years, a local government may transfer remaining unclaimed funds to its general fund. However, the local government remains liable for refund if the original owner comes forward.

## Maintain Records on Retained Property

If the funds are not sent with the property reported, the local government needs to maintain current records of the property for five years after reporting. After five years, the records may be archived.

## Department of Revenue's Role

Once our department receives a local government's report, the information is entered into our database. We advertise any amount over \$75 in a regional newspaper. We also send a letter to the last known address for any property over \$25. These owner location activities generate a great response and we refer the "retained property" claimants back to the local government to pursue their claim.

## Reporting Options

Local governments have the option to remit unclaimed property that could otherwise be retained. There can be advantages to remitting the funds to Unclaimed Property. A local government might choose this option for a number of reasons including:

- The local government is indemnified for any property remitted under RCW 63.29.200.
- It can simplify accounting for refunds to owners after the funds are transferred to the local government's general fund.
- It may reduce research and follow-up with claimants.
- It allows Unclaimed Property to refund the amounts to authorized claimants without referring them back to the local government.

## Debt

Many local governments, such as cities, municipal corporations, and port districts, utilize the services of the state's fiscal agent, currently The Bank of New York (BONY), for the payment of debt service on bonds they issue. Unclaimed debt service payments, as well as unredeemed bonds and coupons, are subject to the state's Unclaimed Property Act.

Each coupon or interest payment should be aged and reported two years after it becomes payable, even if the bond has not matured.

Local governments utilizing BONY, the state's fiscal agent have two options with two different outcomes when matured bonds and/or coupons become unredeemed:

**Option One:** One year after the last legal payment date on matured bonds, local government may send a written request to the fiscal agent to return any unredeemed bonds and coupons. (RCW 43.80.160)

According to BONY's contract with the state, the local government is entitled to the float earnings that accrue during the one year period (or more) prior to the local government requesting the funds. Float earnings are different from the interest being earned on the bond. Two years after the last legal payment date on the matured bond the local government must then report and remit the unclaimed matured bonds and all remaining unreported coupons or interest payments.

**Option Two:** Local governments are not required to request the unredeemed bonds or coupons from the fiscal agent. You can opt to have the fiscal agent report and remit the unredeemed property directly to the state. Under RCW 63.29.060, the fiscal agent reports unclaimed bond monies after five years. Under this option, the local government would be entitled to five years of float earnings on the unclaimed property. The fiscal agent would be responsible for reporting and remitting the unclaimed bonds and any unreported unclaimed coupon and interest payments that have accrued.

## Other Fiscal Agents/Trustees

Local governments may have bond issues utilizing other fiscal agents or may even have received unredeemed bond monies. These items need to be reported and remitted if older than two years. Since your contract terms may differ, you will need to check with the fiscal agent to see who will report the funds and what works best for you.

## Questions and Answers

**Q** Why do local governments report and remit some property and not others?

**A** In 1990, the legislature enable local governments to retain the funds for unclaimed property when it had issued a payment by check or warrant that remained uncashed. It also enables local governments to retain excess funds from foreclosures.

Trust funds, bond monies, deposits, credit balances, and other property that have not been issued for refund by the local government, are remitted with the unclaimed property report.

**Q** What if we report and remit the property and then discover we paid the owner?

**A** You can submit a Certificate of Holder, (COH), and provide documentation that the amount was paid and we will issue a refund to you. As with all our unclaimed amounts, there is no time limit on when you can reclaim the funds if you paid the owner.

**Q** Which option on dealing with bond monies is best? (Take delivery and report or let BONY retain)

**A** There are obvious advantages to allowing the state's fiscal agent, BONY, to report and remit the unclaimed bonds and coupons. The local government receives three additional years of float earnings and the relief from the administrative task of reporting and remitting the funds to the state. Additionally, BONY can access the historical records on the bonds to answer any claimant questions.

## Serving the People of Washington

UCP GUIDES are published by the Department of Revenue, Unclaimed Property Section. Comments and questions should be addressed to Department of Revenue, Unclaimed Property, P.O. Box 448, Olympia, Washington 98507-0448. To request this document in an alternate format, please call (360) 486-2342. TTY users please call 1-800-451-7985.



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